

State plans to self-insure CHIP

By MIKE DENNISON - IR State Bureau - 04/08/06

HELENA — State health officials Friday said they plan to revise a public health-insurance plan for thousands of low-income kids, switching to a self-insured plan designed to cover more children.

The Schweitzer administration hopes to have a new contract in place by October for the Children's Health Insurance Program or CHIP, said Joan Miles, director of the state Department of Public Health and Human Services.

CHIP currently covers about 12,500 kids, whose families earn up to 150 percent of the federal poverty level (\$24,900 for a family of three).

"This program is all about giving our kids a healthy start in life," Miles said. "We hope that, by pursuing this option, we'll be able to insure more kids for fewer dollars."

CHIP offers free insurance for kids whose families meet the income requirements and don't qualify for any other publicly funded program.

Since the beginning of CHIP in Montana in 1999, Blue Cross/Blue Shield of Montana, the state's largest private health insurer, has provided the coverage through a contract with the state.

Friday's announcement means the state will abandon that contract and provide the coverage itself, but hire a "third party" that will administer the coverage plan.

State Rep. Mary Caferro, D-Helena, who directs a group that advocates for low-income families, said the state's decision is the right way to go.

"We're extremely pleased; we've been working on this for many, many years," she said. "(Now) we can assure taxpayers that their money will be spent more wisely and spent accessing more health care rather than corporate bureaucracy and administrative costs."

Caferro had been a persistent critic of the contracts with Blue Cross, saying they allowed the company too much profit from the publicly funded program.

She and others have argued that Blue Cross's administrative costs are too high, and that the state could insure the program at much less cost, leaving more money to spend on health care.

While the current contract with Blue Cross apparently won't be renewed in October, the company still may bid on the next CHIP-related contract.

The state plans to solicit bids for a private "third party administrator" to manage CHIP. That company would arrange the network of health-care providers for kids on the program and process claims. The state would be the insurer, rather than the private company.

Tanya Ask, vice president of government affairs for Blue Cross, said Friday the company “will definitely take a look at” bidding on the contract. About 40 Blue Cross employees work on the CHIP program now and “care deeply” about the program, she said.

Blue Cross already acts as third-party administrator of health insurance for state government employees, who are on a self-insured plan.

Ask said Blue Cross isn’t surprised the state is choosing to self-insure CHIP, because the program has existed and expanded for seven years, giving the state a good idea of the program’s costs.

“This is the type of thing we see happen in the (insurance) marketplace as groups grow in size,” she said.

Miles said while the state will seek a contract with a third-party administrator, that option may not be the final choice.

It depends on whether the bids meet the program’s financial requirements, such as keeping administrative costs under 10 percent of CHIP’s total budget, she said.

Another possibility is hiring a private “financial agent,” which would process the claims but not arrange the network of health-care providers. The state would have to arrange its own network.

“I think we’re really committed to looking at a more efficient way to administer the program with lower overhead expenses, so more dollars can go into insuring kids,” Miles said.

CHIP still short on sign-ups

By MIKE DENNISON

IR State Bureau

HELENA — A state plan offering free health insurance to low-income kids still has plenty of open slots — so the Schweitzer administration may propose expanding its eligibility.

“We’re not sure we’re going to be able to fill those slots within the (current) eligibility,” said Joan Miles, director of the state Department of Public Health and Human Services.

But an advocate for low-income families said Friday the state simply needs to do more to advertise and push the Children’s Health Insurance Program or CHIP.

“We need to get the word out how easy it is to apply for CHIP,” said state Rep. Mary Caferro, D-Helena.

The 2005 Legislature approved enough CHIP funding to add another 3,000 kids to its rolls this year, up from nearly 11,000 children in early 2005.

But 10 months into the 2006 fiscal year, the program has added only 1,500 additional

kids.

And in July, as many as 3,000 additional slots may be available on CHIP, when the state makes it easier for families to qualify for Medicaid, the state-federal health care program for the poor and disabled.

Some people already on the CHIP program then will qualify for Medicaid, opening up more slots on CHIP.

Kids currently are eligible for CHIP if their family's annual income is no more than 150 percent of the federal poverty level, or \$24,900 for a family of three, and if they don't qualify for any other publicly funded health-care program.

Miles said the state believes the bulk of those eligible for CHIP in Montana may already be on the program. Montana has one of the lowest income-eligibility levels in the country, and the Schweitzer administration may propose increasing it, she said.

"We're getting a lot of calls from people just outside the eligibility range," Miles said.

Some states allow families earning up to 200 percent of poverty level to qualify for CHIP programs.

But any change in eligibility levels must be approved by the Montana Legislature, which doesn't meet again until next January.

Caferro, however, said the administration needs to advertise the program more aggressively. It ran some TV ads in the past couple of months, but needs to do more, she said, and emphasize how easy it is to apply.

Many people think it's difficult to apply for CHIP, she said, when it requires only filling out a four-page form.

"A lot of people think they have to bring in buckets of verification," Caferro said. "You just fill out the form and mail it in. That's it, period."

Applications can be obtained by visiting the state's Web site at www.chip.mt.gov, or by calling the state's CHIP hot line at 1-877-543-7669, or, in Helena, at 444-6971.